
TOTAL TREASURY DEPARTMENT BUDGET

Treasury's FY 2004 budget request covers the following areas:

- **INTEREST PAYMENTS -- \$358.8 billion**

These are funds for interest payments needed to finance the public debt (\$352.3 billion); interest payments by the IRS on refunds of taxes to taxpayers (\$2.7 billion); selected interest payments on special accounts handled through the Treasury (\$3.8 billion); and other public debt interest (\$0.012 billion).

- **PERMANENT AUTHORITY APPROPRIATIONS AND TRUST FUNDS -- \$43.0 billion**

These are funds for special accounts for which the Congress has given the Department permanent authority to expend appropriations. These accounts include primarily repayments of taxes collected for Puerto Rico, payments made when the earned income credit exceeds the taxpayer's tax liability, payments to the Resolution Funding Corporation, reimbursements to Federal Reserve Banks, special claims and damage payments required as a result of judgments against the U.S. government, and payments to Presidential candidates and their parties in accordance with Federal Election Commission certification.

- **OFFSETTING COLLECTIONS -- -\$20.9 billion**

Treasury receipts from other government agencies and private sources are subtracted from the total Treasury budget as an offset.

- **ANNUAL OPERATING APPROPRIATIONS [FUNDING FOR ALL TREASURY BUREAUS] -- \$11.408 billion**

These are funds for the Treasury bureaus' activities. Funding for these require appropriation action by the Congress. Details of bureau operating budgets are provided in the section titled, "Analysis of FY 2004 President's Budget".

DEPARTMENT OF THE TREASURY
TOTAL FUNDING LEVELS IN THE FY 2004 PRESIDENT'S BUDGET
(dollars in millions)

	<u>FY 2002</u> <u>Enacted</u>	<u>FY 2003</u> <u>Request</u>	<u>FY 2004</u> <u>Request</u>	<u>%</u> <u>Inc/Dec</u>
ANNUAL APPROPRIATIONS.....	10,545	11,018	11,408	3.5%
INTEREST PAYMENTS:				
Interest on Public Debt.....	332,537	328,316	352,335	7.3%
Refunding Internal Revenue Collections, Interest.....	4,208	3,219	2,689	-16.5%
Interest on Uninvested Funds.....	6	8	6	-25.0%
Interest Paid To Credit Financing Accounts.....	4,276	3,787	3,812	0.7%
Restitution of Foregone Interest.....	183	0	0	0.0%
Federal Interest Liabilities to States.....	6	4	6	50.0%
Subtotal, INTEREST PAYMENTS.....	341,216	335,334	358,848	7.0%
TRUST FUNDS & OTHER FUNDS:				
Federal Financing Bank.....	51	52	63	21.2%
Payment to Resolution Funding Corp.....	675	1,191	1,707	43.3%
Check Forgery Insurance Fund.....	0	3	3	0.0%
Payment to Terrestrial Wildlife Habitat Restoration Trust Fund.....	5	5	5	0.0%
Air Transportation Stabilization Program Account.....	172	506	3	-99.4%
U.S. Mint Revolving Fund.....	13	0	0	0.0%
Subtotal, TRUST FUNDS & OTHER FUNDS.....	916	1,757	1,781	1.4%
PERMANENT AUTHORITY APPROPRIATIONS:				
Presidential Election Campaign Fund.....	67	67	67	0.0%
Terrorism Insurance Program.....	0	8	9	12.5%
Sallie Mae Assessments.....	0	1	1	0.0%
Continued Dumping and Subsidy Offset.....	312	321	331	3.1%
Treasury Forfeiture Fund.....	178	221	0	-100.0%
Debt Collection Special Fund.....	35	28	30	7.1%
Claims, Judgments & Relief Acts.....	1,850	921	935	1.5%
Federal Reserve Bank Reimbursement by -				
FMS.....	84	135	536	297.0%
BPD.....	131	133	131	-1.5%
Government Losses in Shipment.....	1	1	0	-100.0%
Collection of Taxes for Puerto Rico by -				
TTB.....	341	355	364	2.5%
IRS New and Existing Fees.....	70	70	70	0.0%
IRS Informant Payments.....	9	3	3	0.0%
IRS Private Collection Agencies.....	0	0	2	100.0%
Payment where Child Credit exceeds liability for tax.....	5,060	6,170	6,937	12.4%
Payment where EITC exceeds liability for tax.....	27,826	30,606	31,375	2.5%
Payment where failing School Credit exceeds liability for tax.....	0	0	213	100.0%
Payment where Health Care Credit exceeds liability for tax.....	0	4	212	5200.0%
Subtotal, PERMANENT AUTHORITY APPROPRIATIONS.....	35,964	39,044	41,216	5.6%
OFFSETTING COLLECTIONS.....	-18,054	-18,058	-20,897	15.7%
OTHER ADJUSTMENTS.....	-13	-14	-15	
TOTAL, DEPARTMENT OF THE TREASURY.....	370,574	369,081	392,341	6.3%

DETAIL OF OTHER ACCOUNTS

INTEREST PAYMENTS

- **INTEREST ON THE PUBLIC DEBT**

The Government's current deficit and outstanding debt requirements are financed through borrowing (e.g., auctions of Treasury Bills, Notes, and Bonds). Funds paid to lenders for the use of their money is paid from the Interest on the Public Debt appropriation. This appropriation is permanent, indefinite, meaning that an annual appropriation request is not required to obtain this budget authority.

Interest on the Public Debt includes all interest paid on Treasury securities sold to the public (which includes foreign and domestic financial institutions, individuals, insurance companies, state and local governments, etc.) and to Federal Government trust funds, revolving funds and deposit funds.

The Federal Government both pays and receives interest and in some cases pays itself. As a result, a better picture of the Federal Government's interest cost is seen in net interest outlay estimates, comprised of:

- ✓ Interest on the public debt, plus interest on tax collection refunds; and
- ✓ Interest collections from Federal agencies and the public (interest on loans to the Federal Financing Bank is the largest item of offsetting interest collections), and interest received by Federal trust funds for securities held by these funds.

- **INTEREST ON IRS REFUNDS**

Under certain conditions set forth in the tax law, IRS must pay interest on Internal Revenue collections which must be refunded -- amended returns, delayed refunds of more than 45 days from the due date of the return, corporation losses covering prior year returns, results of tax audits, etc. The rate of interest changes every three months to reflect the prime interest rate then in effect.

- **INTEREST ON UNINVESTED FUNDS**

Under conditions of the law creating each trust account, interest accruing and payable from the general fund of the Treasury is appropriated for payment to the proper fund receipt accounts.

- **INTEREST PAID TO CREDIT FINANCING ACCOUNTS**

Loan guarantee financing accounts receive various payments and fees and make payment on defaults. When cash balances result from an excess of receipts over outlays, these balances are deposited with Treasury and earn interest. This account pays such interest to credit loan guarantee financing accounts from the general fund of the Treasury in accordance with Section 505(c) of the Federal Credit Reform Act of 1990.

- **RESTITUTION OF FOREGONE INTEREST**

In certain situations, the Secretary of the Treasury pays interest to the Government Securities Investment Fund from the general fund of the Treasury when funds could not be invested as a result of a debt issuance suspension.

- **FEDERAL INTEREST LIABILITIES TO THE STATES**

As provided in U.S.C. 3335, U.S.C. 6503, and 31 C.F.R. 205, interest is paid to states when Federal funds are not transferred timely. Further, states are reimbursed for specific costs.

TRUST FUNDS AND OTHER

- **FEDERAL FINANCING BANK**

The Federal Financing Bank (FFB) was created in 1973 to ensure the coordination of Federal and federally assisted borrowing from the public in a manner least disruptive to private financial markets and institutions. FFB loans are now used primarily to finance direct agency activities such as resolution of failed thrift institutions by the deposit insurance agencies, construction of Federal buildings by the General Services Administration, and meeting the financial requirements of the U.S. Postal Service.

- **PAYMENT TO RESOLUTION FUNDING CORPORATION**

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 authorized and appropriated to the Secretary of the Treasury, for fiscal year 1989 and thereafter, such sums as may be necessary to cover interest payments on obligations issued by the Resolution Funding Corporation (REFCORP). REFCORP was established under the Act to raise \$31.2 billion for the Resolution Trust Corporation (RTC) in order to resolve savings institution insolvencies.

- **CHECK FORGERY INSURANCE FUND**

This fund was established as a permanent, indefinite appropriation in order to maintain adequate funding of the Check Forgery Insurance Fund (Fund). The Fund will facilitate timely payments for replacement Treasury checks necessitated due to a claim of forgery. The fund will recoup disbursements through reclamations made against banks negotiating forged checks.

To reduce hardships sustained by payees of Government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks through reclamation procedures by this office. If the U.S. Treasury is unable to recover funds, the account sustains the loss.

- **PAYMENT TO TERRESTRIAL WILDLIFE HABITAT RESTORATION TRUST FUND**

Under P.L. 106-53, the Secretary of the Treasury is required to invest funds deposited in the Cheyenne River Sioux Tribe Terrestrial Wildlife Restoration Trust Fund and the Lower Brule Sioux Tribe Terrestrial Wildlife Restoration Trust Fund, until the funds are fully capitalized.

- **U.S. MINT REVOLVING FUND**

The Mint is credited with receipts from its circulating coin operations, equal to the cost of producing and distributing coins that are put into circulation. The difference between the face value of the coins and the cost of operations are considered a profit, which is deposited as seigniorage to the general fund. Any seigniorage used to finance capital acquisitions is reflected, as budget authority in the year funds are obligated for that purpose.

PERMANENT AUTHORITY APPROPRIATIONS

- **PRESIDENTIAL ELECTION CAMPAIGN FUND**

The fund supports payments to the candidates running for President during the primaries and the general election, as well as support of nominating conventions. Appropriations to the fund represent receipts from the Presidential Election check-off on taxpayers' income tax returns. Upon certification by the Federal Election Commission, payments are made for the above purposes. Major expenditures occur during the year of the Presidential election -- appropriations shown represent collections from the check-off.

- **TERRORIST INSURANCE PROGRAM**

The Terrorism Risk Insurance Act of 2002 (P.L. 107-297) was signed into law on November 26, 2002. The law establishes in the Department of the Treasury, the Terrorism Insured Loss Shared Compensation Program, administered by the Secretary of the Treasury, who shall have general Program authorities and pay the Federal share of compensation for insured losses resulting from acts of terrorism. The Act authorizes appropriations for the program and its administration. By law, the Program terminates on December 31, 2005.

- **SALLIE MAE ASSESSMENTS**

The Secretary of the Treasury is authorized by the FY 1997 Omnibus Consolidated Appropriations Act to establish and collect from the Sallie Mae Association an annual assessment of up to \$800,000 (adjusted for each fiscal year ending after September 30, 1997 by the CPI) to cover the expenses related to providing financial oversight of the Association.

- **CONTINUED DUMPING AND SUBSIDY OFFSET**

P.L. 106-387 provides for relief for certain domestic producers that may be impacted by injurious dumping and/or subsidization of imported products. Assessed duties are deposited into a special fund, and distributed to domestic producers, based on a determination that a domestic producer has been injured by these unfair trade practices.

- **TREASURY FORFEITURE FUND**

The Treasury, Postal Service, and General Government Appropriation Act, 1993 (P.L. 102-393) established this permanent appropriation, to be used to pay for all seizures and forfeiture costs that occur pursuant to the Treasury Department's law enforcement activities.

- **DEBT COLLECTION SPECIAL FUND**

FMS provides debt collection operational services to client agencies which includes collection of delinquent accounts; offset of Federal payments against debts owed the government, collection of unclaimed financial assets, and disposition of foreclosed property.

- **CLAIMS, JUDGMENTS AND RELIEF ACTS**

Appropriations are made for payment of claims and interest for damages not chargeable to appropriations of individual agencies, and for payment of private and public relief acts. Public Law 95-26 authorized a permanent, indefinite appropriation to pay certain judgments from the general fund of the Treasury.

- **REIMBURSEMENT TO FEDERAL RESERVE BANKS**

Legislation was enacted in FY 1992 (Public Law 101-509) establishing a permanent, indefinite appropriation to reimburse Federal Reserve Banks for their services as fiscal agents for the Bureau of the Public Debt beginning in FY 1994.

The FY 1998 Treasury Appropriation Act (P.L. 105-61) established, beginning in fiscal year 1998 and thereafter, a permanent, indefinite appropriation for the Financial Management Service to reimburse Federal Reserve Banks in their capacity as depositaries and fiscal agents for the United States for all services required or directed by the Secretary of the Treasury to be performed by such banks on behalf of the Treasury or other Federal agencies.

- **GOVERNMENT LOSSES IN SHIPMENT**

Payments are made for the replacement of valuables, or the value thereof, lost, destroyed, or damaged in the course of shipments effected pursuant to section 1 of the Government Losses in Shipment Act, as amended.

- **DUTIES, TAXES AND FEES (PUERTO RICO)**

Treasury's Tax & Trade Bureau collects duties and excise taxes for Puerto Rico. These funds are deposited in a receipt account in the Treasury. After the bureaus deduct their cost of collecting these funds, the balance is refunded back to Puerto Rico through this account, which is shown as a Treasury outlay. In total, the activity (receipts/outlays) generally balances to zero, although the repayment is required to be included in total Treasury expenditures.

- **INTERNAL REVENUE SERVICE - NEW AND EXISTING FEES**

The Secretary of the Treasury may establish new fees or raise existing fees for services provided by the IRS to increase receipts, where such fees are authorized by another law. The fees may be spent to supplement appropriations.

- **INTERNAL REVENUE SERVICE – INFORMANT PAYMENTS**

The Secretary of the Treasury may make payments to individuals resulting from information given that leads to the collection of Internal Revenue taxes. The Taxpayer Bill of Rights of 1996 (Public Law 104-168) provides for payments of such sums to individuals from the proceeds of amounts (other than interest) collected by reason of the information provided, and any amount collected shall be available for such payments.

- **INTERNAL REVENUE SERVICE – PRIVATE COLLECTION AGENCIES**

An FY 2004 legislative proposal would allow private agencies to support the IRS in the collection of taxes owed the federal government, in particular past due taxes. These private organizations would be compensated out of the revenue realized through their collection efforts.

- **PAYMENT WHERE CHILD CREDIT EXCEEDS LIABILITY FOR TAX**

The child credit (originally authorized under the Taxpayer Relief Act of 1997) calls for an additional payment to the tax filer. Only in those instances when the credit will exceed the amount of the tax liability owed through the individual income tax system.

- **PAYMENT WHERE CREDIT EXCEEDS TAX LIABILITY (EARNED INCOME CREDIT)**

The earned income credit (originally authorized under the Tax Reduction Act of 1975) calls for absolute tax credits to low income taxpayers who meet certain qualifications. Only when the tax credit exceeds the taxpayer's total liability for taxes is this account used, and then, only by the amount that the tax liability is exceeded.

- **PAYMENT WHERE FAILING SCHOOL CREDIT EXCEEDS LIABILITY FOR TAX**

The failing school credit legislative proposal calls for assistance payments to parents of children enrolled in a failing public school; these payments would provide for a portion of the costs for these children to attend an alternative public or private school.

- **PAYMENT WHERE HEALTH CARE CREDIT EXCEEDS LIABILITY FOR TAX**

The health care credit calls for a refundable tax credit for health insurance purchased by individuals and families who are not covered by employer-sponsored insurance nor eligible for public programs.

OFFSETTING COLLECTIONS

In general, amounts collected by the Government are classified in two major categories:

- ❑ **Governmental Receipts** – Revenues that arise from the sovereign and regulatory powers unique to the Government. They consist primarily of tax receipts, but also include customs duties, court fines, certain licenses, etc. All governmental receipts are deposited into receipt accounts. These receipts are always reported in total (rather than as an offset to budget authority and outlays).
- ❑ **Offsetting Receipts** - Collections that are offset against the budget authority and outlays of the collecting agency rather than reflected as governmental receipts in computing budget totals. Offsetting receipts are comprised of:
 - ❑ **Proprietary Receipts** - These receipts from the public are market-oriented and are derived from activities operated as business-type enterprises.
 - ❑ **Intragovernmental Receipts** - These are collections from other governmental accounts deposited in receipt accounts. These are further classified as follows:
 - **Interfund Receipts** - These are amounts derived from payments between Federal and trust funds.
 - **Intrafund Receipts** - These are amounts derived from payments within the same fund group (i.e., within the Federal fund group or within the trust fund group).
 - **Offsetting Government Receipts** - These receipts are governmental in nature, since they offset agency budget authority and outlays, they are required to be treated as offsetting receipts.

<i>(dollars in billions)</i>			
	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate
Proprietary	13.4	13.5	14.3
	1.2	1.1	3.0
Intrafund	3.5	3.4	3.6
Offsetting Governmental	--	--	--
TOTAL	18.1	18.0	20.9